

THE BUSINESS REVIEW

THIRD FEDERAL
PHILADELPHIA



RESERVE DISTRICT
APRIL 1, 1940

FEDERAL RESERVE BANK OF PHILADELPHIA

Business and Banking Conditions in the United States

Industrial activity showed a further sharp decline in February and a less marked reduction in the first half of March. Wholesale commodity prices generally were steady, following some decline in January and early February.

Production. In February the Board's seasonally adjusted index of industrial production was 109 per cent of the 1923-1925 average as compared with 119 in January and 128 in December. A further decline at a slower rate is indicated for March on the basis of data now available. In August 1939, the month prior to the outbreak of war, the index was 103.

Steel production, which had risen sharply in the latter part of 1939 and then decreased considerably in January, showed a further marked reduction in February to 69 per cent of capacity. In the first half of March output was steady at a rate of about 65 per cent. Plate glass production declined further in February and output of lumber, which had dropped sharply in January, showed less than the usual seasonal rise. Automobile production in February was maintained at the high level prevailing in

January. Dealers' stocks of new cars rose to high levels in this period, notwithstanding the fact that retail sales of cars were in large volume for this time of the year. In the first half of March output of automobiles showed less than the customary sharp increase. In some industries not included directly in the Board's production index, particularly the machinery, aircraft, and rayon industries, activity continued at high levels.

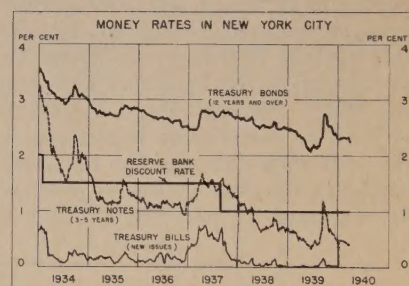
Changes in output of nondurable goods were largely seasonal in February except at textile mills and sugar refineries. At cotton textile mills activity declined somewhat from the high levels prevailing since early last autumn. Activity at woolen mills, which had decreased considerably in December and January, declined further in February and output of silk products was reduced to an exceptionally low level. Sugar refining showed less than the sharp rise usual at this season.

Mineral production declined in February, owing chiefly to a considerable reduction in output of anthracite. Bituminous coal production declined somewhat, following a rise in January,

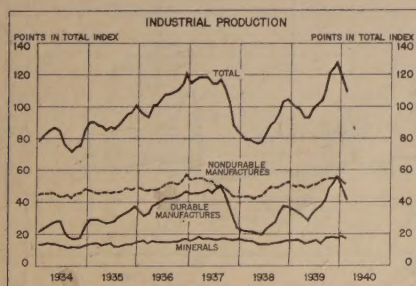
while output of crude petroleum increased to new high levels.

Value of construction contract awards in February showed little change from the January total, reflecting a further decrease in contracts for public construction and a counter-seasonal increase in private contracts, according to figures of the F. W. Dodge Corporation. The increase in private residential awards nearly equalled the decline that occurred in the previous month when severe storms curtailed building operations in many areas.

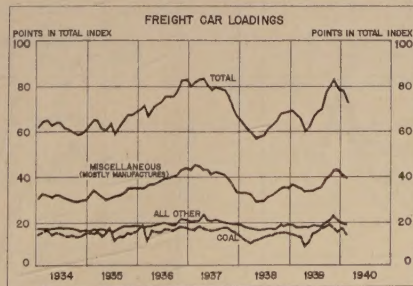
Distribution. Retail distribution of



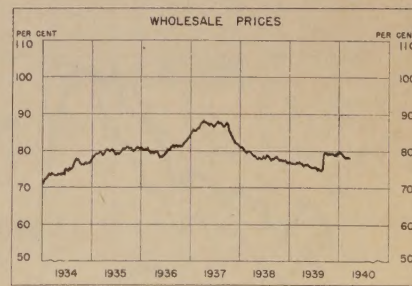
For weeks ending January 6, 1934, to March 16, 1940.



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January 1934 to February 1940.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average=100. Miscellaneous, coal, and all other expressed in terms of points in the total index. By months, January 1934 to February 1940.



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending March 9, 1940.

general merchandise showed little change from January to February and remained somewhat below the high level of the latter part of last year, with due allowance for seasonal changes. Sales at variety stores and mail-order houses showed about the usual seasonal rise in February, while at department stores, where some increase is also usual at this time of year, sales remained at about the January level.

Freight-car loadings declined considerably from January to February, reflecting for the most part a sharp reduction in coal shipments and some further decrease in loadings of miscellaneous freight.

Foreign trade. Exports of United States merchandise in February declined less than seasonally from the high levels reached in December and January. The principal decreases

were in shipments of cotton, copper, and aircraft, which had been exceptionally large in previous months. Exports to Japan fell sharply and there were declines also in shipments to the United Kingdom, The Netherlands, and Russia, while exports to Belgium and the Scandinavian countries increased.

There has been little change in the rate of gold inflow. The monetary gold stock increased by \$246,000,000 in February and by \$109,000,000 in the first two weeks of March.

Commodity prices. Prices of non-ferrous metals advanced from the middle of February to the middle of March, while steel scrap and textile materials declined somewhat further. Most other commodities showed little change and in the week ending March 9 the general index of the Bureau of Labor Statistics was at 78.3 per cent

of the 1926 average as compared with 78.5 a month earlier.

Government security market. Following a relatively steady market during February, prices of long-term Treasury bonds increased sharply after the announcement by the Treasury early in March that its operations during that month would be limited to the issuance of a five-year note to refund a note maturing next June.

Bank credit. Total loans and investments at reporting member banks in 101 leading cities rose during the six weeks ending March 13, largely as a result of increases in investments at New York City banks. Following a reduction during January, commercial loans increased, mostly at banks in cities outside New York. Bank reserves and deposits continued to increase during the period.

Business and Banking Conditions in the Philadelphia Federal Reserve District

Industrial activity in the Third Federal Reserve District has slackened somewhat further from the peak reached at the end of last year, although some seasonal expansion in February and March was to be expected. The seasonally adjusted index of production declined 6 per cent from January to February, and some further recession occurred early in March. The level in February was about 11 per cent below the December high but was still 7 per cent above February 1939 when activity in this District was well sustained. In the first two months of the year industrial production averaged 11 per cent above the

corresponding period a year earlier.

The decline from January to February reflected reduced output of manufactured goods and fuels, especially anthracite. Production of crude oil, bituminous coal, and manufactures, however, continued well above a year earlier.

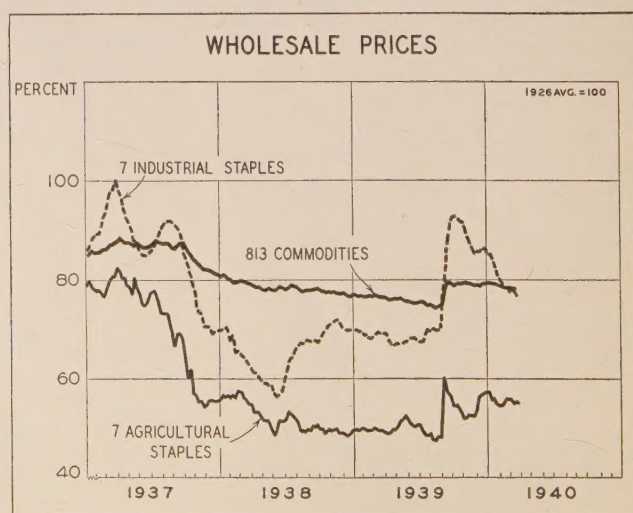
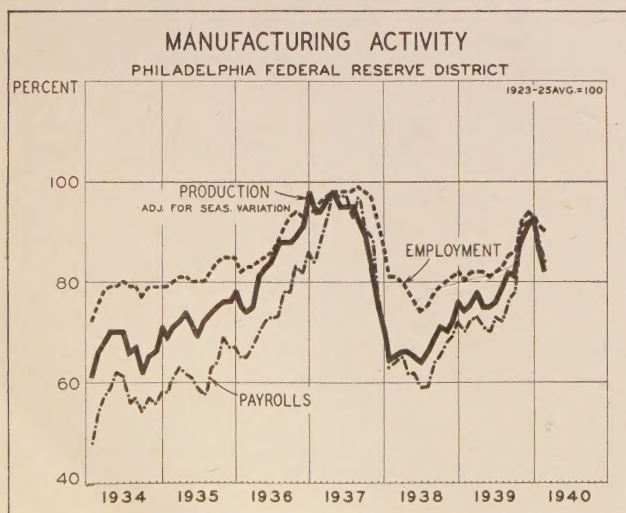
Construction activity increased from January to February, owing largely to an expansion in awards for non-residential structures. Preliminary indications are that the usual spring upturn is now in evidence.

Employment and payrolls in twelve lines of trade and industry declined further from January to February, the

decrease in payrolls being especially large at mines and quarries. In the manufacturing industry the downward trend extended into March.

Distribution of commodities to consumers also decreased in the second month of the year but has since shown some improvement. Freight-car loadings and wholesale and retail trade sales declined in February when some expansion was to be expected. Inventories at retail establishments increased and stocks at both wholesale and retail were larger than in early 1939.

Prices of raw and finished commodities have fluctuated irregularly since the end of January with a gen-



eral downward tendency. Temporary advances in quotations, especially on grains and certain metal products, have appeared from time to time, influenced in part by foreign developments. The lack of domestic demand has been a depressing influence on many prices. The index of 813 quotations for wholesale commodities, compiled by the Bureau of Labor Statistics, was 77.9 per cent of the 1926 average in the week ended March 23 as compared with a high of 79.5 early in January.

Manufacturing. The demand for most factory products in this District decreased further from the middle of February to the middle of March and, except in the steel industry, was below a year ago. Inquiries and orders for building materials are beginning to increase seasonally, but buying interest in other products is slow. Prices of manufactures continue weak, especially in textiles and leather, but are above the levels of early 1939.

The volume of unfilled orders for most factory products in this district is still declining and appears to be below a year ago. The principal exception is in steel and steel consuming industries, where backlogs are larger than in early 1939.

Plant activity continued to decline in the four weeks ended the middle of March except at establishments producing building materials. As a result of the reductions in operations, purchases of equipment and expansion of facilities have slackened.

Inventories of raw materials at reporting factories in March continued at about the same level as a month and a year earlier. Supplies of finished products at most of these concerns increased somewhat in the month but were about same as a year ago, except at steel producing plants where stocks seem smaller than in March 1939.

Employment in Pennsylvania factories declined 1 per cent from January to February but was 10 per cent above February 1939. Payrolls declined 3 per cent in the month, instead of showing the usual gain, but were 17 per cent above a year earlier. Preliminary reports indicate that both employment and payrolls declined somewhat further from February to March, especially in the textile industry, although seasonal improvement was to be expected.

The largest declines in February were in the building material and iron and steel industries. Decreases were particularly sharp at foundries, steel

Business Indicators

Philadelphia Federal Reserve District

Index numbers: percentages of the 1923-1925 average as 100												
Adjusted indexes allow for the usual seasonal change in activity.	Adjusted for seasonal variation							Not adjusted				
	Per cent change											
	Feb. 1940 from											
	Feb. 1939	Dec. 1939	Jan. 1940	Feb. 1940	Month ago	Year ago	1940 from 2 mos. 1939	Feb. 1939	Dec. 1939	Jan. 1940	Feb. 1940	Feb. 1940
Industrial production												
Manufacturing—total	77	94r	88	83p	-6	+7	+11	79	90	87	84p	84p
Durable goods	75	93r	86	82p	-4	+9	+13	76	89	84	83p	83p
Consumers' goods	67r	101	94	89p	-6	+32	+39					
Metal products	85	92	85	83p	-2	-2	-0					
Textile products	63r	106	97r	86p	-11	+38	+45	64r	101	94r	88p	88p
Transportation equipment	82	89	76	75p	-1	-8	-6	88	86r	78	80p	80p
Food products	71	97	92	92	-6	+30	+35	72	98	97	93	93
Tobacco and products	75	78	79	77p	-2	+3	+3	74	77	77	76p	76p
Building materials	104	106	110	99	-10	-4	-9	88	77	91	84	84
Chemicals and products	34r	46	38r	35	-8	+2	+15	29	42	32r	30	30
Leather and products	111	137	131	132p	+1	+19	+16	110	135	128	132p	132p
Paper and printing	110	116	106	111p	+5	+1	-1	117	109	110	118p	118p
Coal mining	86	92	88	89	+1	+3	+4	86	93	88	89	89
Anthracite	61	61	74	53p	-29	-13	-1	66	60	81	56p	56p
Bituminous	61	59	75	51p	-32	-16	+1	66	58	81	54p	54p
Crude oil	61	76	70	68	-4	+11	+22	66	80	80	74	74
Electric power	414	479	449	444	-1	+7	+8	414	450	431	444	444
Output	247	269	275	261	-5	+6	+9	262	288	292	277	277
Sales, total	248	267	281	264	-6	-7	+10	268	275	289	286	286
Sales to industries	177	204	192	183	-5	+3	+7	175	194	186	181	181
Employment and wages—Pa.												
Factory—Wage earners					-1*	+10*	+11*	80r	91	89	88	88
Payrolls					-3*	+17*	+21*	70r	90	84r	82	82
Man-hours (1927-28=100)					-3*	+21*	+26*	67	90	84r	81	81
General (1932=100)												
Employment					-1*	+5*	+6*	105r	121	111	110	110
Payrolls					-4*	+10*	+14*	138r	170	159r	152	152
Building and real estate												
Contracts awarded†—total	57r	53	47	53	+13	-7	-13	56	59	52	52	52
Residential†	56r	52	51	47*	-8	-15	-6	39	51	42	33	33
Nonresidential†	58r	45	40	47*	+17	-19	-30	59	49	44	48	48
Public works and utilities†	81r	85	78	96*	+23	+19	+4	97	103	100	115	115
Permits for building—17 cities	18	19	23	33	+44	+88	+3	14	13	13	26	26
Real estate deeds—Philadelphia†	43	50	55	51	-7	+19	+28	46	61	59	55	55
Writs for Sheriff sales—Phila.	318	287	212	270†	+27	-15	-9	324	293	244	275	275
Distribution												
Retail trade—sales	80	89	85	80p	-6	-0	+3	59	146	62	59p	59p
stocks	77	77	77	81p	+4	+4	+75	72	71	78p	78p	78p
Wholesale trade—sales					-3*	+2*	+8*					
stocks					-4*	+8*						
Life insurance sales	85	84	93	81	-13	-5	-14	98	89	83	93	93
New passenger auto. registrations					-1*	+39*	+54*	81	122	113	112	112
Hotels—Occupancy... (1934=100)					+0*	+3*	+2*	116r	106r	118	119p	119p
Income, total (1934=100)					+0*	-3*	-1*	133r	136r	129	129p	129p
Freight-car loadings—total	60	84	81	71	-13	+17	+25	56	73	70	64	64
Merchandise and miscellaneous	60	84	81	70	-13	+16	+26	55	73	69	64	64
Coal	60	71	76	64	-15	+7	+18	65	75	81	70	70
Business liquidations												
Number					-17*	-16*	-13*	84r	69	85	70	70
Amount of liabilities					-56*	-51*	-6*	32	14	35	16	16
Payment of accounts												
Check payments	82	104	93	89	-5	+8	+16	83	112	95	90	90
Rate of collections (actual)												
Retail trade	31	30	31	32	+4	+4	.....	30	30	36	31	31
Prices—United States												
Wholesale (1926=100)					-1*	+2*	+3*	77	79	79	79	79
Farm products					-1*	+2*	+3*	67	68	69	69	69
Foods					-1*	+1*	-0*	71	72	72	71	71
Other commodities					-1*	+4*	+4*	80	84	84	83	83
Retail food					+1*	+2*	+1*	77	77	77	78	78
Philadelphia					+1*	-1*	-1*	78r	78	77	77	77
Scranton					+1*	+2*	+2*	74	74	75	75	75
Banking and credit												
Federal Reserve Bank												
Bills discounted	\$ 1.2	\$ 0.4	\$ 0.7	\$ 0.7	\$ 0.6			-14			-50	-50
Other bills and securities	209	231	218	207	206			-0			-1	-1
Member bank reserves	401	598	588	618	602			-3			+50	+50
Reserve ratio (per cent)	76.7	79.6	81.0	82.4	82.3			-0			+7	+7
Reporting member banks												
Loans	\$ 395	\$ 413	\$ 418	\$ 414	\$ 419			+1			+6	+6
Investments	713	725	728	745	747			+0			+5	+5
Bankers' acceptances outstanding	9.7	10.2	10.1	10.0	9.5			-5			-2	-2

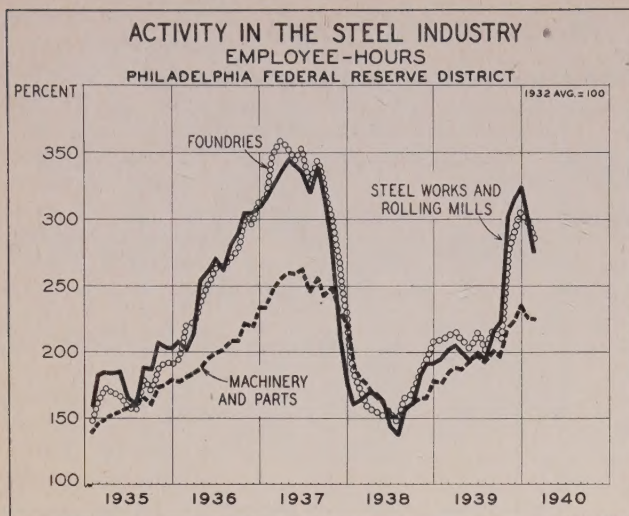
* Computed from data unadjusted for seasonal variation.

† 3-month moving daily average centered at 3rd month.

‡ Not included in production index.

p—Preliminary.

r—Revised.



works and rolling mills, and plants producing structural steel, and heating and plumbing supplies. Declines also were reported in nonferrous metals, transportation equipment, and leather and shoes. At textile mills producing cotton goods and woolens and worsteds, payrolls were reduced substantially instead of showing the expected increase. Some improvement was reported by manufacturers of carpets and rugs and by producers of women's clothing and shirts and furnishings. Most other industries showed smaller than seasonal increases.

Average hourly earnings of factory workers in Pennsylvania declined fractionally to 71 cents in February, and average weekly earnings declined to \$25.78 from \$26.36 in January.

At Delaware factories, employment declined 1 per cent from January to February but was 6 per cent above February 1939. Wage disbursements showed no change in the month and were 11 per cent larger than a year earlier. Declines from January to February in payrolls at plants producing building materials, metals, and leather and rubber products were offset by increases in the case of transportation equipment, foods and tobacco, and paper and printing.

At factories in Southern New Jersey, employment declined 3 per cent and payrolls 2 per cent in February but were 15 per cent and 29 per cent respectively above February 1939.

The output of manufactured goods in this District declined 4 per cent further in February, after allowing for the usual seasonal change. This was due chiefly to a decrease of 6 per cent in the production of durable goods. Output of iron and steel products declined 11 per cent in the month, owing

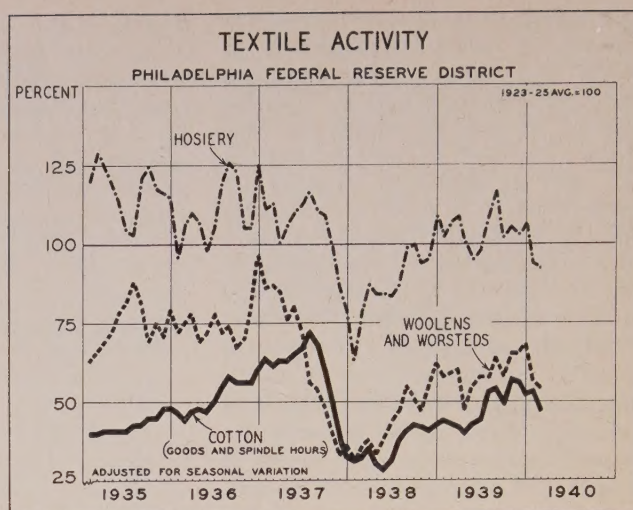
primarily to sharp reductions in crude steel and iron and steel castings. The output of building materials and of transportation equipment on an adjusted basis also was lower than in January. Activity at plants producing ships and locomotives improved, but declines were reported by producers of automobiles and bodies and parts.

In nondurable goods lines, activity was reduced 2 per cent in the month, reflecting decreases in the output of tobacco and products, foods, and textiles, after adjustment for seasonal changes. In textile lines the sharpest decline was in cotton products.

While recent declines have been greatest in the production of durable goods, activity in these lines of industry in February was 32 per cent above February 1939, while in consumers' goods industries activity was 2 per cent lower than a year earlier. Total production of manufactured goods in February was 9 per cent above a year ago, and in the first two months exceeded output in 1939 by 13 per cent.

Production of electric power declined 5 per cent from January to February, when there is usually no change, and total sales were 6 per cent smaller on an adjusted basis. Sales to industry declined about 3 per cent instead of showing the customary increase. In the first two months of this year output has averaged 9 per cent and total sales 10 per cent above the corresponding period in 1939.

Coal and other fuels. Demand for anthracite at the mines has slackened. Dealers are purchasing only small quantities for immediate needs in anticipation of a seasonal decline in prices after April 1. But sales to households continue active, owing to unusually cold weather.



Production of anthracite increased in March, following a considerably larger than seasonal decline from January to February that reduced output to a level about 16 per cent below 1939. In the first two months of 1940, production approximated the volume of a year earlier.

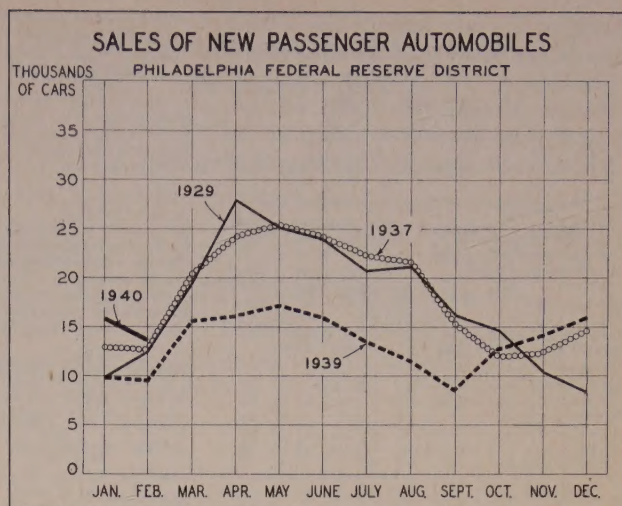
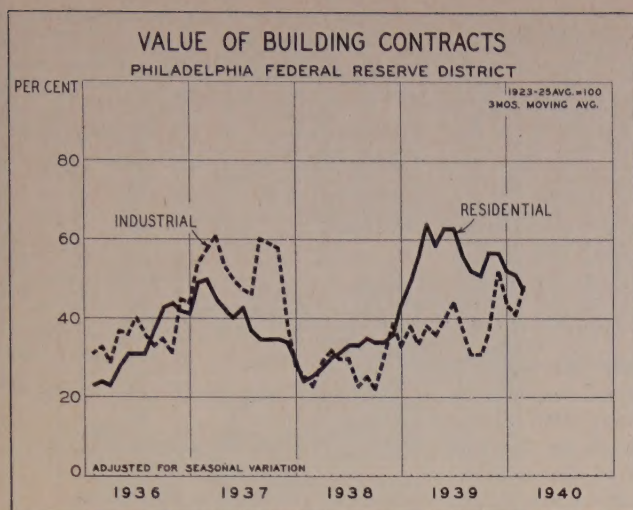
The market for Pennsylvania bituminous coal remains quiet. Industrial consumption has been decreasing for several months and in March was smaller than last year. Prices continue weak at a level somewhat below a year ago.

The output of collieries decreased more than usual in February but recovered in the first half of March and continued well above the 1939 level. Production in the first two months this year was the largest since 1937.

Production of by-product coke declined sharply in February, reflecting a further recession in activity at plants turning out primary iron and steel. The output of gas and fuel oils continued at a high level, relative to other recent months. Production of coke was 35 per cent and that of gas and fuel oils 21 per cent greater in the first two months this year than last.

Building. Construction activity in this district was unusually well maintained in February but continued below the high level of early 1939. Operations on contracts previously awarded for public works and utilities and industrial buildings expanded considerably in the month and the construction of one and two-family dwellings decreased less than seasonally, following sharper than usual declines in the previous three months.

The value of new contracts awarded increased 5 per cent in February to \$12,700,000 and was nearly 50 per cent



greater than in the same month last year. Pronounced gains over January in contracts for family houses, factories, educational buildings, and unclassified structures were partly offset by reductions in the volume of awards for public works and utilities, commercial buildings, and apartments and hotels. Compared with February 1939 contracts awarded for all classes of construction except residences and educational buildings were substantially larger.

Building contracts Philadelphia Federal Reserve District	Feb. 1940 (000's omitted)	Per cent change	
		From month ago	1940 from 2 mos. 1939
Residential	\$3,904	+ 2	- 12
Apts. and hotels.....	875	- 53	+ 44
Family houses.....	3,029	+ 56	- 27
Nonresidential	4,982	+ 48	- 1
Commercial.....	837	- 30	- 27
Factories.....	1,841	+ 46	+161
Educational.....	246	+154	- 58
All other.....	2,058	+155	- 22
Total buildings.....	\$ 8,886	+ 24	- 7
Public works and utilities	3,853	- 22	+ 57
Grand total.....	\$12,739	+ 5	+ 9

Source: F. W. Dodge Corporation.

In the first two months of 1940 awards of building contracts in the aggregate amounted to nearly \$25,000,000, or 9 per cent more than a year earlier and, with the exception of 1937, were the largest for the period since 1931. Awards for public works and utilities, factories, and multiple dwellings were substantially above the levels of a year ago, but contracts for other classes of construction decreased from 22 to 58 per cent in the year.

Distribution, trade and service. Retail trade sales showed contra-seasonal declines from January to February, but business in March improved consider-

ably. Preliminary reports indicate that the volume of business in March was substantially above March 1939, even after allowing for the earlier date of Easter this year. While consumer purchases have been somewhat restricted both by unusually severe weather and by the decline in industrial activity, retail sales in the first three months were larger than in the first quarter last year. This was due primarily to the heavy backlog of buying power resulting from increased industrial activity between May and December of 1939.

In February the aggregate index of retail trade sales declined 6 per cent, after allowing for seasonal change, to about the same level as in February 1939. The sharpest reductions in the month were reported by apparel and credit stores, where the volume of business in the three preceding months was unusually large. Compared with a year ago, sales were larger at department and apparel stores and smaller at establishments specializing in footwear and in furniture and household equipment.

Aggregate inventories at reporting establishments increased 4 per cent more than seasonally in February, and were 4 per cent larger than in February 1939. The largest increase in the month was 17 per cent at shoe stores. Stocks at department stores expanded 6 per cent and at women's apparel and credit stores were unchanged from the month before. The increases in the month and the year were due in part to early purchases of merchandise for the Easter season.

Wholesale trade sales declined 3 per cent from January to February, the sharpest reductions being at establishments dealing in drugs and elec-

trical supplies. Sales of dry goods, paper, hardware, and groceries also were somewhat smaller than in the month before, while the volume of business in footwear and jewelry increased sharply. Total sales were about 2 per cent above the level of February 1939.

Inventories at wholesale establishments declined 4 per cent from January to February but were 8 per cent larger than in February 1939.

Shipments of freight by rail in the Allegheny District declined more than usual from January to February but continued well above the levels of a year earlier. Larger than customary declines occurred in shipments of merchandise and miscellaneous materials and livestock. Following an unusually heavy movement in the previous six months, loadings of coal decreased, and shipments of coke declined sharply instead of showing the customary increase. Shipments of grain and forest products reached about the same volume as in January, and the movement of ore increased, but not so much as is customary at this time of year. Total freight loadings in the district in the first three weeks of March were below the February average, whereas usually there is some expansion.

The movement of freight originating in Philadelphia declined from January to February but increased in March. Freight-car loadings of products other than grain for export through the Port of Philadelphia reached nearly 2,000 cars in February or 125 per cent more than a year earlier.

Sales of new passenger automobiles declined 1 per cent from January to February but were 39 per cent above February 1939. For the first two

months of the year sales of automobiles were 54 per cent above the same period a year ago.

Income of nonresort hotels was unchanged from January to February but 3 per cent less than in February 1939.

Hotel business Philadelphia Federal Reserve District	Feb., per cent change from		1940 from 2 mos. 1939
	Month ago	Year ago	
Capacity.....	-0	-0	.....
Room occupancy.....	+0	+3	+2
Per cent of capacity used:			
Feb. 1940.....	52.8		
Jan. 1940.....	52.6		
Feb. 1939.....	51.2		
Revenue from:			
Guest rooms.....	+1	-1	+0
Food.....	-1	-2	-0
Other sources.....	+0	-6	-3
Total revenue.....	+0	-3	-1

Banking conditions. During the past month, loans increased while investments decreased at the reporting member banks in this district. Although tax payments were heavy, the volume of deposits changed little and member bank balances at this bank increased.

A continuing large volume of surplus funds in the hands of member banks is partly indicated by reserve balances averaging \$603,500,000 in the first half of March, which were about \$196,000,000 larger than a year earlier. The proportion of excess to required reserves was 101 per cent at banks in Philadelphia and approximately 90 per cent at country member banks in this district. Banks generally are also carrying heavy balances with correspondents.

Member bank reserves (Dollar figures in millions)	Held	Re- quired	Ex- cess	Ratio of excess to re- quired
Philadelphia banks:				
1940—Feb. 1-15	\$429.9	\$211.5	\$218.4	103%
Feb. 16-29	420.6	210.3	210.3	100 "
Mar. 1-15	421.6	209.7	211.9	101 "
1939—Mar. 1-15	258.0	175.3	82.7	47 "
Country banks:				
1940—Feb. 1-15	174.4	96.2	78.2	81 "
Feb. 16-29	178.7	96.0	82.7	86 "
Mar. 1-15	181.9	96.0	85.9	90 "
1939—Mar. 1-15	149.0	95.3	53.7	56 "

Member bank reserves increased \$17,900,000 in the four weeks ended March 20 to \$613,300,000. This was due primarily to a gain of over \$40,000,000 in transactions with other districts, reflecting chiefly sales of securities and in some measure the collection of income tax checks received here but payable elsewhere. The principal factor tending to reduce reserves was net Treasury receipts of about \$22,000,000. This withdrawal of funds from the local market was the result of income tax payments,

Federal Reserve Bank of Philadelphia (Dollar figures in millions)	March 20, 1940	Changes in—	
		Four weeks	One year
Bills discounted.....	\$ 0.2	-\$ 0.4	-\$ 0.1
Bills bought.....	0	0	0.0
Industrial advances.....	3.2	+ 0.1	+ 0.3
U. S. securities.....	203.0	- 0.2	- 2.9
Total.....	\$206.4	-\$ 0.5	-\$ 2.7
Note circulation.....	346.1	+ 0.7	+ 33.9
Member bank deposits.....	613.3	+ 17.9	+200.9
U. S. general account.....	66.6	+ 22.3	- 8.6
Foreign bank deposits.....	37.6	+ 2.5	+ 14.9
Other deposits.....	24.2	- 2.1	+ 19.2
Total reserves.....	903.9	+ 43.4	+262.9
Reserve ratio.....	83.1%	+0.9%	+5.6%

which were substantially heavier than a year ago. The seasonal increase in demand for currency was small.

No significant changes in the bill and security holdings of the Federal Reserve Bank have taken place in the past month. Outstanding industrial advances increased slightly, but borrowings of member banks were down somewhat. A small sale of governments from System holdings was reflected in a minor reduction in the participation of this bank.

An expansion of \$8,000,000 in loans of the reporting banks to \$429,000,000 was due largely to continued demand for credit from commercial and industrial sources. The volume of commercial loans increased \$11,000,000 from the low at the end of January to \$202,000,000 on March 20, approximately 12 per cent above a year ago and the highest point since the spring of 1938. Holdings of open market paper also were increased somewhat in the past four weeks.

Investments, on the other hand, declined \$21,000,000 in this period to \$721,000,000, reflecting the sale of \$22,000,000 of United States bonds. Total holdings of direct government issues, reduced by these transactions to \$348,000,000, are \$30,000,000 under the record high early in February and are also smaller than a year ago. The investment in guaranteed obligations did not change, and holdings of corporate and municipal securities were increased slightly.

MEMBER BANK RESERVES AND RELATED FACTORS

Philadelphia Federal Reserve District (Millions of dollars)	Changes in weeks ended—				Changes in four weeks*
	Feb. 28	Mar. 6	Mar. 13	Mar. 20	
Sources of funds:					
Reserve bank credit extended in district.....	-0.5	-0.9	+ 1.0	- 0.6	- 1.0
Commercial transfers (chiefly interdistrict).....	-1.4	+1.4	+20.5	+21.0	+41.5
Treasury operations.....	+3.7	-2.6	+ 1.5	-24.6	-22.0
Total.....	+1.8	-2.1	+23.0	- 4.2	+18.5
Uses of funds:					
Currency demand.....	-1.2	+0.8	+ 0.4	+ 1.9	+ 1.9
Member bank reserve deposits.....	+3.8	-3.6	+24.1	- 6.4	+17.9
"Other deposits" at reserve bank.....	-0.9	+0.7	- 1.5	- 0.4	- 2.1
Other Federal Reserve accounts.....	+0.1	-0.0	- 0.0	+ 0.7	+ 0.8
Total.....	+1.8	-2.1	+23.0	- 4.2	+18.5

* Preliminary.

Reporting member banks (000,000's omitted)	Mar. 20, 1940	Changes in—	
		Four weeks	One year*
Assets			
Commercial loans.....	\$ 202	+\$ 6	+\$21
Open market paper.....	27	+ 2	+ 4
Loans to brokers, etc.....	25	+ 1	+ 2
Other loans to carry secur.....	31	0	- 1
Loans on real estate.....	50	0	+ 3
Loans to banks.....	1	0	0
Other loans.....	93	- 1	0
Total loans.....	\$ 429	+\$ 8	+\$29
Government securities.....	\$ 348	-\$22	-\$14
Obligations fully guaranteed	99	0	+ 6
Other securities.....	274	+ 1	+ 18
Total investments.....	\$ 721	-\$21	+\$10
Total loans & investments	\$1,150	-\$13	+\$39
Reserve with F. R. Bank.....	448	+ 11	.....
Cash in vault.....	21	+ 1	.....
Balances with other banks.....	226	- 1	.....
Other assets—net.....	84	- 2	.....
Liabilities			
Demand deposits, adjusted.....	\$ 939	-\$ 4	.....
Time deposits.....	263	+ 1	.....
U. S. Government deposits.....	54	0	.....
Interbank deposits.....	442	- 2	.....
Borrowings.....	2	0	.....
Other liabilities.....	16	+ 1	.....
Capital account.....	215	0	.....

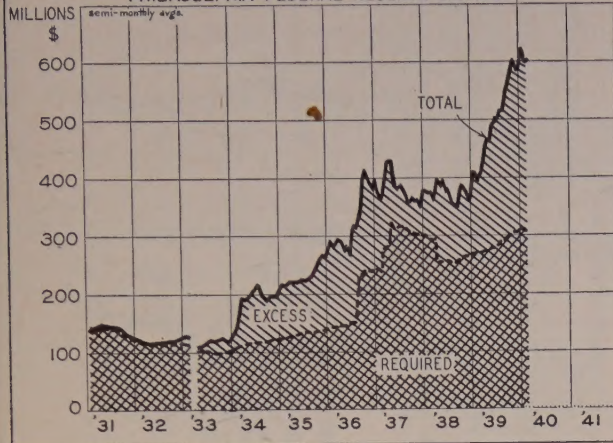
* Adjusted for changes in reporting banks.

Deposits at reporting banks show but a small reduction in the past month to \$1,698,000,000, owing principally to payments from individual, partnership and corporate balances; deposits to the credit of states and local governments increased. The sharp rise in aggregate deposits over the past year has heavily increased the volume of funds at the disposal of the reporting banks, but outstanding credit shows only moderate expansion, most of the funds being held on deposit with the Federal Reserve Bank and correspondents.

In the last half of January gross deposits averaged \$1,620,000,000 at Philadelphia banks and \$1,550,000,000 at country member banks in this District. In comparison with a year earlier increases of 18 and 6 per cent respectively have been shown in these figures. The greater expansion, relatively and actually, at banks in Philadelphia, has resulted in large measure from increased balances held for other domestic banks.

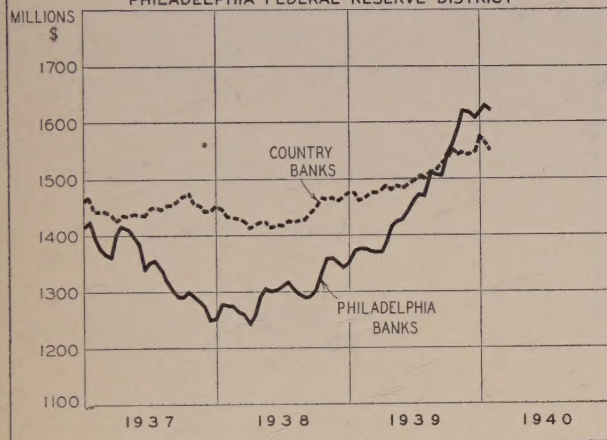
MEMBER BANK RESERVES

PHILADELPHIA FEDERAL RESERVE DISTRICT



DEPOSITS AT MEMBER BANKS

PHILADELPHIA FEDERAL RESERVE DISTRICT



Employment and Payrolls in Pennsylvania

(All figures are rounded from original data)

Manufacturing Indexes

	Employment*			Payrolls*			Employee-hours†	
	Per cent change from		Feb. 1940 index	Per cent change from		Feb. 1940 index	Feb. 1940—per cent change from	
	Jan. 1940	Feb. 1939		Jan. 1940	Feb. 1939		Jan. 1940	Feb. 1939
All manufacturing	88	-1	+10	82	-3	+17	-3	+21
Iron, steel and prods.	83	-2	+24	101	-5	+34	-5	+34
Non-fer. metal prods.	125	+0	+23	149	-1	+28	-2	+27
Transportation equip.	63	-2	+19	62	-4	+21	-2	+36
Textiles and clothing.	93	+2	-5	84	+4	-7	+1	-8
Textiles.	86	-0	-8	77	+1	-10	-1	-9
Clothing.	123	+6	+5	114	+14	+7	+10	-0
Food products.	104	+1	+4	108	+1	+6	+1	+5
Stone, clay and glass.	71	-9	+8	66	-14	+7	-12	+12
Lumber products.	55	-8	+7	45	-12	+7	-8	+7
Chemicals and prods.	95	+1	+18	106	+1	+21	+1	+31
Leather and products.	93	+2	-1	87	-3	-7	-2	-11
Paper and printing.	98	-0	+4	103	+1	+6	+1	+5
Printing.	90	+0	+2	96	+1	+3	+1	+2
Others:								
Cigars and tobacco.	60	+11	-2	50	+8	+6	+9	+6
Rubber tires, goods.	83	-1	+4	82	-4	-7	-4	-8
Musical instruments.	64	+5	+14	66	+13	+16	+10	+16

* Figures from 2,434 plants.

† Figures from 2,190 plants.

General Index Numbers

Covering twelve branches of trade and industry

	Employment			Payrolls		
	Per cent change from		Feb. 1940 index	Per cent change from		Feb. 1940 index
	Jan. 1940	Feb. 1939		Jan. 1940	Feb. 1939	
General index (weighted)	110	-1	+5	152	-4	+10
Manufacturing.	137	-1	+10	200	-3	+17
Anthracite mining.	69	+1	-2	55	-39	-29
Bituminous coal mining.	109	+0	+5	204	-1	+5
Building and construction.	40	-2	-14	51	-7	-13
Quarrying and non-met. mining.	88	-6	+8	139	-16	+4
Crude petroleum producing.	130	-2	-1	157	+1	-4
Public utilities.	97	+2	+5	107	+1	+6
Retail trade.	97	-3	-4	116	-3	+1
Wholesale trade.	120	+1	+1	121	+0	+3
Hotels.	104	+2	-5	116	-1	-6
Laundries.	100	+0	+6	126	-0	+7
Dyeing and cleaning.	89	-0	-3	99	-1	-5

Percentage change—February 1940 from February 1939

City areas*	Manufacturing		Building permits (value)	Debits	Retail trade sales
	Employment	Wage payments			
Allentown.	+15	+21	+20	+16	+3
Altoona.	+18	+20	-48	+11	+6
Harrisburg.	+16	+30	+1,227	+11	+2
Johnstown.	+39	+54	+65	+24	+17
Lancaster.	+9	+6	+102	-2	-0
Philadelphia.	+6	+11	+127	+13	+2
Reading.	+1	-2	-17	+16	-1
Scranton.	-7	-6	+134	+9	-7
Trenton.	+12	+23	+41	+15	+13
Wilkes-Barre.	+1	+11	-64	+6	-8
Williamsport.	+3	+3	-55	+20	.....
Wilmington.	+8	+12	+52	+21	+20
York.	+14	+15	-11	+17	-1

February 1940 from January 1940

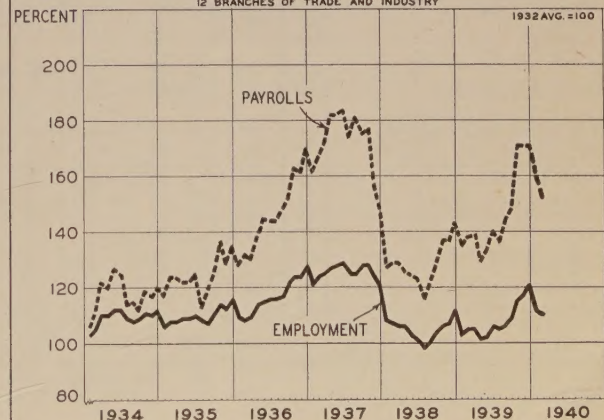
Allentown.	-1	-0	+62	-14	+6
Altoona.	-1	-6	-31	-9	+17
Harrisburg.	+0	+1	+326	-13	+8
Johnstown.	-0	-2	-75	-7	+36
Lancaster.	+1	-0	+275	-16	-5
Philadelphia.	+1	-0	+20	-18	-1
Reading.	-0	-4	-67	-19	-0
Scranton.	-2	-2	-47	-9	-1
Trenton.	-2	-4	+31	-8	+0
Wilkes-Barre.	-3	+1	+32	-19	-8
Williamsport.	-0	+2	-10	-11	.....
Wilmington.	-1	+0	+1,525	-30	-2
York.	-8	-11	-22	-13	+7

* Area not restricted to the corporate limits of cities given here.

INDUSTRIAL EMPLOYMENT AND PAYROLLS

PENNSYLVANIA

12 BRANCHES OF TRADE AND INDUSTRY



Index numbers of individual lines of trade and manufactures

Philadelphia Federal Reserve District

Index numbers: percentages of the 1923-1925 average as 100												
Adjusted indexes allow for the usual seasonal change in activity. Unadjusted indexes reflect merely the actual change which may or may not be typical.	Adjusted for seasonal variation								Not adjusted			
	Feb. 1939	Dec. 1939	Jan. 1940	Feb. 1940	Per cent change			Feb. 1939	Dec. 1939	Jan. 1940	Feb. 1940	
					Feb. 1940 from		1940 from 2 mos. 1939					
					Month ago	Year ago						
Retail trade												
Sales												
Total of all stores.....	80	89	85	80p	- 6	- 0	+ 3	59	146	62	59p	
Department.....	68	76	72	70p	- 3	+ 3	+ 4	52	139	52	53p	
Men's apparel.....	68	84	83	72	-14	+ 5	+ 7	55	142	76	58	
Women's apparel.....	95	106	102	95	- 7	+ 0	+ 1	68	161	84	68	
Shoe.....	91	98	78	85	+ 8	- 7	- 5	61	117	59	57	
Credit.....	104r	105	114	100	-13	- 4	+ 3	76r	166	65	73	
Stocks of goods												
Total of all stores.....	77	77	77	81p	+ 4	+ 4	.....	75	72	71	78p	
Department.....	52r	51	52	55p	+ 6	+ 6	.....	50	47	46	53p	
Women's apparel.....	103	109	101r	101	+ 0	- 2	.....	102	100	89r	100	
Shoe.....	75	65	68r	80	+17	+ 7	.....	69	61	61r	74	
Credit.....	100	103	103	104	+ 0	+ 3	.....	100	95	98	104	
Rate of stock turnover												
Monthly turnover on annual basis (actual, not indexes).....							+ 2*	3.55			3.62	
Wholesale trade												
Sales												
Total of all lines.....					- 3*	+ 2*	+ 8*					
Boots and shoes.....					+45*	+ 6*	+ 1*					
Drugs.....					-20*	- 5*	+ 1*					
Dry goods.....					- 8*	- 7*	+ 4*					
Electrical supplies.....					-13*	+ 9*	+ 19*					
Groceries.....					- 2*	+ 2*	+ 2*					
Hardware.....					- 4*	+ 12*	+ 17*					
Jewelry.....					+34*	+ 3*	+ 20*					
Paper.....					- 6*	+ 7*	+ 12*					
Stocks of goods												
Total of all lines.....					- 4*	+ 8*						
Dry goods.....					-11*	+ 1*						
Electrical supplies.....					-17*	+ 13*						
Groceries.....					- 6*	+ 7*						
Hardware.....					- 8*	+ 17*						
Jewelry.....					+33*	+ 11*						
Paper.....					-10*	+ 11*						
Output of manufactures												
Pig iron.....	43	77	81	76	- 6	+ 74	+ 89	45	76	78	78	
Steel.....	60r	107	95r	81	-15	+ 36	+ 46	62r	101	93r	85	
Iron castings.....	45	76	80	68	-15	+ 49	+ 51	46	70	73	69	
Steel castings.....	67	116	87	74	-15	+ 10	+ 20	75	111	92	83	
Electrical apparatus.....	74	106	107	102	- 4	+ 38	+ 43	71	103	100	98	
Motor vehicles.....	18	25	22	19	-15	+ 5	+ 10	18	20	19	19	
Automobile parts and bodies.....	55	81	78	63	-20	+ 14	+ 21	60	79	78	68	
Locomotives and cars.....	17	36	37	40	+ 6	+139	+149	17	36	36	40	
Shipbuilding.....	323	411	427	434	+ 2	+ 34	+ 40	317	432	436	425	
Silk manufactures.....	85	82	69	70	+ 2	- 17	- 15	90	84	71	74	
Woolen and worsteds.....	59	68	56r	54	- 2	- 7	- 6	60	63	56	56	
Cotton products.....	43	52	53	47	-11	+ 9	+ 14	46	56	54	50	
Carpets and rugs.....	132	150	132	142	+ 8	+ 8	+ 3	134	141	124	145	
Hosiery.....	107	106	94	92	- 2	- 14	- 11	111	103	98	96	
Underwear.....	132	150	141	132	- 7	- 0	+ 5	144	148	138	144	
Cement.....	56	68	46	46p	- 0	- 19	+ 12	39	56	32	32p	
Brick.....	32r	53	48r	43	-12	+ 33	+ 35	31r	52	45r	41	
Lumber and products.....	23	29	28	25	-12	+ 8	+ 9	22	29	26	24	
Bread and bakery products.....					+ 4*	+ 2*	+ 1*	88	86	86	90	
Slaughtering, meat packing.....	94	99	101	95	- 5	+ 1	+ 4	96	107	111	97	
Sugar refining.....	61	84	112	59	-47	- 3	+ 10	80	55	77	77	
Canning and preserving.....	54	60	60	60p	- 0	+ 10	+ 11	50	60	58	56p	
Cigars.....	103	104	110	98	-10	- 4	+ 15	86	75	90	83	
Paper and wood pulp.....	71	81	78r	77	- 2	+ 9	+ 12	71	81	78	77	
Printing and publishing.....	89	94	90	91	+ 2	+ 2	+ 3	89	95	90	91	
Shoes.....	132	148	131	133	+ 1	+ 0	- 1	139	125	134	139	
Leather, goat and kid.....	89	86	95	91p	- 5	+ 2	+ 11	96	94	101	98p	
Explosives.....	79	110	91	99	+ 9	+ 25	+ 29	79	109	91	99	
Paints and varnishes.....	76	86	86	85	- 1	+ 11	+ 10	75	84	77	83	
Petroleum products.....	148	175	169	175p	+ 4	+ 19	+ 13	146	175	168	174p	
Coke, by-product.....	97	145	140	122	-13	+ 26	+ 35	102	141	140	128	

* Computed from data unadjusted for seasonal variation.

p—Preliminary.

r—Revised

